



REVISED 2005 OPEN ENROLLMENT NOTICE FOR HEALTH INSURANCE

Kentucky Employees Retirement System · County Employees Retirement System · State Police Retirement System

2004 Special Legislative Session

The 2004 Special Session called by the Governor to address insurance benefits for employees and retirees participating in the State Health Insurance Group has concluded. Lawmakers passed House Bill 1 to change the benefit levels and participant costs from the amounts that were previously proposed for the 2005 plan year. Please read this notice and the enclosed Supplement to the Plan Year 2005 Retiree Health Insurance Handbook (Handbook) carefully to be sure you understand all changes for 2005 before completing and returning your application to Kentucky Retirement System (KRS).

New Enrollment Period

Due to the legislative changes enacted by House Bill 1, open enrollment for Plan Year 2005 will be a total re-enrollment. Everyone needs to complete a new application and file it at the KRS office no later than November 12, 2004 in order to obtain coverage in 2005. ***Even if you completed and returned the previous 2005 application, you must complete a new application to obtain coverage in 2005.***

When your application has been processed, you will be sent a mailer to notify you of the new premium deduction from your retirement allowance beginning January 1, 2005. Please review this mailer carefully and notify the KRS office immediately if you believe the deduction amount is in error.

Please note that the KRS office will be closed on November 2, 2004 for Election Day and again on November 11, 2004 in observance of Veteran's Day.

What's New for the 2005 Plan Year?

Several changes will be occurring to the insurance plans offered in 2005. Some changes are due to the passage of House Bill 1 while others are due to the redesign of the 2005 insurance plans. The following provides a summary of all changes that will be occurring to the 2005 plan:

- **One Carrier Per Region:** Your insurance carrier for Plan Year 2005 will be determined by the region in which you live. There are eight (8) regions and each region has only one (1) carrier available from which to obtain coverage. Refer to pages 18 – 19 of the Handbook for a list of the regions and the carrier offered in each region.
- **Three PPO Options:** You will be able to select from three (3) Preferred Provider Organization (PPO) options offered by your carrier: Essential, Enhanced and Premier. See pages 6-10 of the Handbook Supplement for a summary of each option.
- **Co-Payments Restored For Many Services:** House Bill 1 restored co-payments for prescription drugs, physician office visits, and other specified services but only under the *Enhanced and Premier options*. See pages 6-10 of the Handbook Supplement for a summary of the benefit provisions for each PPO option.
- **Reduced Cost After 75 Prescriptions:** The policy of providing reduced co-payment/co-insurance amounts on retail prescription drugs once 75 prescription co-payments/co-insurances have been paid in the calendar year **will** be continued in Plan Year 2005 but only under the *Enhanced and Premier options*. See page 2 of the Handbook Supplement for more details.
- **Subsidy for Parent Plus, Couple, and Family Coverage:** House Bill 1 also provided additional monies from the General Fund to provide a subsidy to those who choose Parent Plus, Couple, or Family coverage. The subsidy will continue as long as the General Assembly appropriates the necessary funds.
- **Incentive for Non-Smokers:** Each applicant must complete the "Smoking Status" field on the health insurance application. ***If you fail to mark this field on the application, you will be defaulted to "Smoker."***
- **Cross-Referencing:** You will be able to cross-reference with another State Health Insurance Group participant, in Plan Year 2005 for **Family Coverage only**.
- **New Programs:** A major goal of the Program in Plan Year 2005 is to improve the health of State group participants. Refer to page 31 of the Handbook for information concerning carrier requirements for providing disease management programs and pages 32-33 for information promoting a wellness program. The wellness program requires the carriers to make a Health Risk Assessment (HRA) available to each individual covered in the group.
- **Benefit Fairs:** No Benefit Fairs will be held due to the delay in the start of open enrollment.

KENTUCKY RETIREMENT SYSTEMS

Address	Phone
Kentucky Retirement Systems Perimeter Park West 1260 Louisville Road Frankfort, Ky. 40601	For Insurance Questions during Open Enrollment: Local: (502) 564-4646 Toll Free: 1 (800) 928-4646 Then Extension 4524

Visit us online at www.kyret.com

How Much Will Health Insurance Cost You?

If in order to determine your cost for coverage in 2005, please refer to either Table 1 or Table 2. Retirees with non-hazardous service credit only and beneficiaries of non-hazardous retirees should refer to Table 1. Retirees with hazardous duty service credit should refer to Table 2.

Beneficiaries of retirees with hazardous duty service credit should contact the retirement office for special assistance.

Options for Individuals Living Out of State

If you live out of state, your choices for coverage will depend upon your proximity to the Kentucky border.

If you live *outside of Kentucky but in a county adjacent to the Kentucky border*, you may only choose coverage available in the Kentucky region your home county borders. Listed below is the applicable region of coverage by state and county.

Illinois – *Region 1*: Alexander, Hardin, Massac, Pope, and Pulaski; *Region 2*: Gallatin.

Indiana – *Region 2*: Posey, Spencer, Vanderburgh, and Warrick; *Region 3*: Clark, Crawford, Floyd, Harrison, Jefferson, Switzerland; *Region 2 or 3*: Perry; *Region 6*: Dearborn, Ohio.

Missouri – *Region 1*: Mississippi and New Madrid.

Ohio – *Region 6*: Hamilton; *Region 6 or 7*: Clermont; *Region 7*: Adams, Brown, Lawrence, Scioto.

Tennessee – *Region 1*: Henry, Lake, Obion, Stewart, Weakley; *Region 2*: Montgomery; *Region 4*: Clay, Macon, Pickett, Scott Sumner; *Region 2 or 4*: Robertson; *Region 4 or 8*: Campbell; *Region 8*: Claiborne.

Virginia – *Region 8*: Buchanan, Dickenson, Lee, Wise.

West Virginia – *Region 8*: Mingo and Wayne.

If you live *outside of Kentucky but not in a county adjacent to the Kentucky border*, you will be offered coverage with the Kentucky region from which you retired (the region where your former employer's main office is located).

Please keep in mind that if you are unable to utilize the insurance carrier's network providers, you will pay out-of-network charges for covered benefits.

Individuals outside of Kentucky but not in a county adjacent to the Kentucky border may also choose to participate in the KRS medical insurance reimbursement plan. In the reimbursement plan, the retiree obtains his/her own health insurance coverage and applies for reimbursement of the eligible out-of-pocket premiums paid. Contact the KRS office if you would like more information about this program.

If you move outside of Kentucky beyond a county that is adjacent to a Kentucky border, before January 1, 2005, you must contact the KRS office for a carrier option.

What If You Fail to Submit An Application?

If you currently have coverage in the State Health Insurance Group through KRS and you do not submit a completed application by November 12, 2004, then on January 1, 2005 you will be automatically assigned to the ***Enhanced Option*** at the level of coverage you had in effect on December 31, 2004.

If you currently waive coverage and you do not submit a completed application to the Kentucky Retirement Systems office by November 12, 2004, then you will have waived coverage for the 2005 plan year.

Additional Instructions and Reminders

- *Don't Wait*: Return your completed application to the KRS office as soon as possible. The sooner your completed application is received by KRS, the sooner you will receive your new insurance card.
- *Remember Due Dates*: All open enrollment applications (including corrected applications) must be on file at the KRS office no later than November 12, 2004. Be sure to make a copy of the completed application for your records.
- *Carrier Plan Codes*: The three (3) digit carrier plan code required in Section II of the application is listed below.
 - Anthem: 463 - CHA: 103
 - Bluegrass: 093 - United Healthcare: 323
- *Medicare Eligible Open Enrollment*: The KRS Medicare Eligible Open Enrollment Period is tentatively set for November 15, 2004 through December 15, 2004. If you are Medicare eligible but have coverage in the State Health Insurance Group through KRS, please notify the KRS office if you wish to receive a Medicare eligible open enrollment notice when it is mailed out around the middle of November 2004. You will be allowed to change coverage to or from the Public Employee Health Insurance Program during the KRS Medicare Eligible Open Enrollment Period.
- *Medicare Eligible Spouse or Dependent*: If you are eligible to participate in the 2005 State Health Insurance Group, you may cover your spouse and eligible dependents **even if they are Medicare eligible**. Before choosing to cover a Medicare eligible spouse or dependent under your Parent Plus, Couple, or Family plan, contact your local Social Security Administration (SSA) office and discuss the issues concerning their Medicare Part B coverage.
- *Option to Select Coverage in Contiguous County*: Retirees living in certain Kentucky counties have an additional plan selection choice from a contiguous county. Refer to page 38 of the Handbook for additional information on the counties affected.

TABLE 1: CALCULATING YOUR MONTHLY COST FOR HEALTH INSURANCE IN 2005

For Non-hazardous Retirees and Beneficiaries of Non-Hazardous Retirees

MONTHLY PREMIUM COST Enter the Premium from Chart A below for the: <input type="checkbox"/> Plan Option Selected - Essential - Enhanced - Premier <input type="checkbox"/> And Coverage Level Needed - Single - Parent Plus - Couple - Family		+	APPLICANT SMOKING STATUS COST Enter a value based upon the applicants smoking status as of July 1, 2004. <input type="checkbox"/> If applicant is a non-smoker, enter \$0. <input type="checkbox"/> If applicant is a retiree who smokes and selects single coverage, enter \$0. <input type="checkbox"/> If applicant is a beneficiary who smokes and selects single coverage, enter \$15. <input type="checkbox"/> If applicant is a retiree or beneficiary who smokes and selects Parent Plus, Couple, or Family Coverage enter \$30.		-	KRS CONTRIBUTION FOR APPLICANT¹ Enter a value based upon the applicant's months of service credit at retirement. <table border="1"> <tr> <th><u>Service</u></th> <th><u>Contribution</u></th> </tr> <tr> <td>240 or more:</td> <td>Enter \$410.00</td> </tr> <tr> <td>180-239:</td> <td>Enter \$307.50</td> </tr> <tr> <td>120-179:</td> <td>Enter \$205.00</td> </tr> <tr> <td>48-119:</td> <td>Enter \$102.50</td> </tr> <tr> <td>0-47:</td> <td>Enter \$0</td> </tr> </table>		<u>Service</u>	<u>Contribution</u>	240 or more:	Enter \$410.00	180-239:	Enter \$307.50	120-179:	Enter \$205.00	48-119:	Enter \$102.50	0-47:	Enter \$0	=	YOUR SHARE OF PREMIUM COST For Plan Year 2005 in the State Health Insurance Group.	
<u>Service</u>	<u>Contribution</u>																					
240 or more:	Enter \$410.00																					
180-239:	Enter \$307.50																					
120-179:	Enter \$205.00																					
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0-47:	Enter \$0																					
\$	+	\$	-	\$	=	\$																

CHART A: 2005 MONTHLY PREMIUMS FOR HEALTH INSURANCE				NOTES
<u>Plan Option</u>	<u>Single</u>	<u>Parent Plus</u>	<u>Couple</u>	
Essential	Not Offered	\$465.00	\$669.52	
Enhanced	\$410.00	\$524.00	\$767.72	
Premier	\$428.20	\$580.38	\$808.66	
			\$884.74	

TABLE 2: CALCULATING YOUR MONTHLY COST FOR HEALTH INSURANCE IN 2005

For Hazardous Retirees

MONTHLY PREMIUM COST	KRS CONTRIBUTION FOR APPLICANT¹	KRS CONTRIBUTION FOR SPOUSE & DEPENDENT COVERAGE¹	YOUR SHARE OF PREMIUM COST
Enter the Premium from Chart A below for the:	Enter a value based upon the applicant's months of combined non-hazardous and hazardous service credit at retirement.	<input type="checkbox"/> If you <i>retired August 1, 1998 or after</i> , your additional contribution toward Parent Plus, Couple, or Family coverage is based upon hazardous duty service credit only. Apply your hazardous duty service credit to Chart B below to determine your additional contribution if selecting Parent Plus, Couple, or Family Coverage. <input type="checkbox"/> If you <i>retired prior to August 1, 1998</i> , your additional contribution toward Parent Plus, Couple, or Family coverage is based upon total service credit. Apply your total service credit to Chart B below to determine your additional contribution if selecting Parent Plus, Couple, or Family Coverage.	For Plan Year 2005 in the State Health Insurance Group.
<input type="checkbox"/> Plan Option Selected - Essential - Enhanced - Premier <input type="checkbox"/> And Coverage Level Needed - Single - Parent Plus - Couple - Family	Service 240 or more: Enter \$410.00 180-239: Enter \$307.50 120-179: Enter \$205.00 48-119: Enter \$102.50 0-47: Enter \$0		

\$	-	\$	-	\$	=	\$
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CHART A: 2005 MONTHLY PREMIUMS FOR HEALTH INSURANCE			
Plan Option	Single	Parent Plus	Couple
Essential	Not Offered	\$465.00	\$669.52
Enhanced	\$410.00	\$524.00	\$767.72
Premier	\$428.20	\$580.38	\$808.66

¹Beneficiaries of retirees with hazardous duty service credit should contact the retirement office for special assistance.

CHART B: KRS CONTRIBUTION FOR DEPENDENT COVERAGE			
Service	Parent Plus	Couple	Family
240 or more:	\$114.00	\$357.72	\$429.24
180-239:	\$85.50	\$268.29	\$321.93
120-179:	\$57.00	\$178.86	\$214.62
48-119:	\$28.50	\$89.43	\$107.31
0-47:	\$0.00	\$0.00	\$0.00